

UNITED STATES DISTRICT COURT	MIDDLE DISTRICT OF GEORGIA	PROOF OF CLAIM
<i>VC Macon, GA LLC v. Virginia College, LLC and Education Corporation of America</i>		Case Number: 18-cv-00388-TES
Claim is asserted against (check appropriate box): Education Corporation of America <input checked="" type="checkbox"/> Virginia College, LLC d/b/a: <input checked="" type="checkbox"/> • Brightwood College • Ecotech Institute • Golf Academy of America New England College of Business <input checked="" type="checkbox"/> Other: _____ <input type="checkbox"/>		RECEIVER USE ONLY <input type="checkbox"/> Check this box if this claim amends a previously filed claim. Claim Number: _____ (If known) Filed on: _____
Name of Creditor: Consumer Protection Div. - Ofc. of Atty. General of Maryland		
Name and address where notices should be sent: <div style="text-align: right;"> Christopher J. Madaio Assistant Attorney General Consumer Protection Division Office of the Attorney General of Maryland 200 St. Paul Place, 16th Floor Baltimore, MD 21202 (410) 576-6585 cmadaio@oag.state.md.us </div>		Telephone number: _____ Email: _____
Name and address where payment should be sent (if different from above): Telephone number: _____ Email: _____		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
1.Amount of Claim: \$ <u>See attached memorandum</u> 2.Date Claim Accrued: <u>See attached memorandum</u> If all or part of the claim is secured, complete item 4. If claim is asserted by a government, regulatory agency or accreditor, complete item 5. If all or part of the claim is or has been asserted in any legal or administrative proceeding, complete item 6.		
3.Basis for Claim (e.g., contract, employment, student): <u>See attached memorandum</u> _____ _____ _____		
4.Secured Claims. Basis for Perfection: _____ Amount of Secured Claim: \$ _____ Annual Interest Rate: _____ Description of Collateral: _____		

5. Government, Regulatory and Accrerator Claims.

Name: Consumer Protection Division of the Office of the Attorney General of Maryland

Basis for Claim (including applicable laws and regulations): See attached memorandum

Amount Owed: \$ See attached memorandum

Penalties Owed: \$ See attached memorandum

Annual Interest Rate: See attached memorandum

6. Legal or Administrative Proceedings.

Name of Proceeding: _____

Case or Action Number: _____

Forum of Proceeding: _____

Name and Contact Information of Attorney or Advocate, if any: _____

7. Supporting Documents: Attached are **redacted** copies of any documents evidencing or supporting the claim, such as promissory notes, purchase orders, invoices, statements of accounts, legal pleadings, contracts, judgments, mortgages, etc. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED. If the documents are not available, please explain:

See attached memorandum

8. Signature.

I declare under penalty of perjury that (i) I am the holder of the claim asserted herein or the duly and legally authorized representative with the power to submit this claim on behalf of the holder* and (ii) the information provided in this claim is true and correct to the best of my knowledge, information and reasonable belief.

Print Name: Christopher J. Madaio

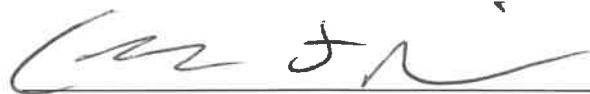
Title: Assistant Attorney General

Company: Consumer Protection Div. - Ofc. Atty. General

Address: 200 St. Paul Place, 16th Floor
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(Signature)

Date: May 23, 2019

*If the claim is being submitted by and duly and legally authorized representative of the holder, proof of such representative's authority MUST be provided as a part of the supporting documentation.

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF GEORGIA
MACON DIVISION

VC MACON, GA, LLC,	*	Civil Action No.
<i>Plaintiff,</i>	*	5:18-cv-00388-TES
v.	*	
VIRGINIA COLLEGE LLC	*	
<i>Defendant.</i>	*	

* * * * *

**ATTACHMENT TO THE PROOF OF CLAIM FILED BY THE
CONSUMER PROTECTION DIVISION OF THE
OFFICE OF THE ATTORNEY GENERAL OF MARYLAND**

The Consumer Protection Division of the Office of the Attorney General of Maryland (the “Maryland CPD”) is a state agency established by Section 13-201 of the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2019 Supp.). The Maryland CPD is charged with enforcing the Maryland CPA and the Consumer Financial Protection Act (“CFPA”), 12 U.S.C. §5552, 12 U.S.C. §§ 5481 *et seq.* These laws include the CPA’s and CFPA’s prohibition of unfair, deceptive, and abusive acts and practices and provide the authority to receive and investigate complaints and to initiate an investigation of any unfair, deceptive or abusive trade practice. Md. Code Ann., Com. Law §13-204, §13-303; 12 U.S.C. §§ 5531, 5536.

The CPA and the CFPA permit the Maryland CPD to bring actions to seek a broad array of relief including injunctive relief and restitution for consumers. Md. Code Ann., Com. Law §13-403, §13-409, §13-410, 12 U.S.C. §5565(a)(2). The Maryland CPD may also obtain civil money penalties of up to \$10,000 for each violation of the CPA and may obtain costs of the

action for the use of the State. Md. Code Ann., Com. Law §§13-409 and 13-410. The Maryland CPD has standing to file a proof of claim on behalf of its residents pursuant to, *inter alia*, the *parens patriae* doctrine (*In re Edmond*, 934 F.2d 1304, 1310-1313 (1991)) (*see also* Federal Rule of Bankruptcy Procedure 2018(b)).

The Maryland CPD's investigation is an exercise of its police and regulatory power as a government unit, and thus, the Maryland CPD reserves the right to bring an independent action. Notwithstanding this reservation, and in light of the pending investigation, the Maryland CPD is filing this Proof of Claim for a contingent and/or unliquidated amount which includes, among other things disgorgement of funds to be used for restitution to former Maryland students and also for costs and civil penalties, both in an amount to be determined.

The Maryland CPD files this claim representing currently-known claims based on an ongoing investigation of violations of the CPA and the CFPA by Education Corporation of America, Virginia College, LLC, and/or the New England College of Business and Technology (collectively "ECA") related to students who enrolled at campuses located in Towson, Baltimore, and Beltsville, Maryland and in online programs that enrolled Maryland students (collectively referred to as "Maryland Students"). The Maryland CPD is investigating whether ECA engaged in deceptive, unfair, or abusive practices in violation of the CPA and CFPA prior to the date of the appointment of the Receiver by making material misrepresentations and omissions to induce Maryland Students to enroll or keep them enrolled. These violations, include, but are not limited to the following classes of students for whom the following relief is requested:

1. All Maryland Students in attendance at the time of their schools' closure or who withdrew within 120 days of their schools' closure should obtain a full refund of any tuition paid to the school, a refund or cancellation of any debt or account balance

owed to the school, and a refund of any money received by the school from any source on behalf of a student, including but not limited to the U.S. Department of Education. The Maryland CPD believes this includes at least 1,765 consumers. The Maryland CPD has requested information from ECA regarding the amount of tuition paid to the school. Based on information received from ECA, the amount of student debt owed to the school by Maryland Students in attendance at the time of the closure or who withdrew within 120 days of the closure is believed to be \$2,656,105.

2. All Maryland Students who were subject to unfair, deceptive, or abusive trade practices, including, but not limited to: (a) Maryland Students who did not and cannot obtain the “continuous career development services” that ECA would be “available to all eligible graduates” as promised in the Brightwood College catalog; or (b) Maryland Students who were told that the school was “on schedule to be accepted” for accreditation by the Accrediting Council for Continuing Education and Training (“ACCET”) should obtain, at the minimum, a refund or cancellation in the amount of any debt that they hold to the school. In addition, where appropriate depending on the violation, the Maryland Students subject to unfair, deceptive, or abusive trade practices should obtain a full refund of any tuition paid to the school and a refund of any money received by the school from any source on behalf of a student, including but not limited to the U.S. Department of Education. The Maryland CPD has requested information from ECA regarding the number of students this class of students includes. Based on information received from ECA, the amount of debt owed to the school by all Maryland Students is believed to be \$5,208,157.

3. All Maryland Students who were enrolled in an online program at Virginia College between the first date that it started contacting students about its closure and March 31, 2018 and that were not informed of their right to obtain a discharge of federal student loans or transfer to schools other than a school affiliated with ECA should obtain a full refund of any tuition paid to the school, a refund or cancellation of any debt or account balance owed to the school, and a refund of any money received by the school from any source on behalf of a student, including but not limited to the U.S. Department of Education. The Maryland CPD has requested information from ECA regarding the number of students this class of consumers includes, but believes it includes at least nine consumers.


Based on the claims described above, the Maryland CPD estimates that the civil penalties resulting from ECA's violations of the CPA and CFPA are in the amount of \$862,500, to be paid to the State of Maryland.

The estimations included in this Proof of Claim may change as a result of the Maryland CPD obtaining additional information regarding ECA's actions as they pertain to Maryland Students. The Maryland CPD will supplement this filing with documentation required by the Court, or as necessary or appropriate, with additional relevant information that the Maryland CPD obtains in the future.

Dated: May 23, 2019

Respectfully Submitted,

BRIAN E. FROSH
ATTORNEY GENERAL OF MARYLAND

By: 

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